

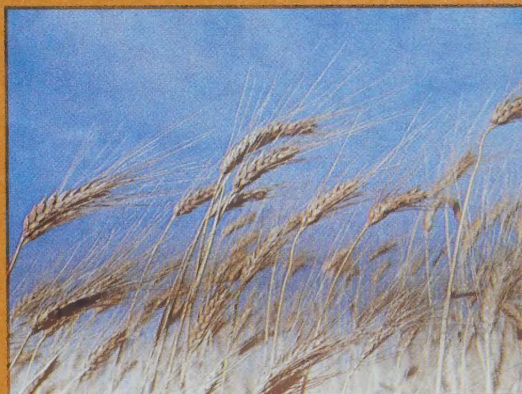
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SASKATCHEWAN
CO-OPERATIVE
CREDIT
SOCIETY
LIMITED
~~AND~~
SUBSIDIARY

ANNUAL
REPORT
1975

Fun





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ANNUAL MEETING COMMITTEES

RESOLUTIONS COMMITTEE

Chairman — James Van
Eaton
R. M. Game
Keith Sproule

RETURNING OFFICER
Clifford Karst

PARLIAMENTARIAN
J. J. Dierker, B.A., L.L.B.

ANNUAL MEETING AGENDA

FRIDAY, MARCH 12, 1976

9:00 a.m.
Call to Order
Notice of Meeting
Adoption of Rules of Order
Approval of Agenda
Credentials Report
Minutes of 1975 Annual
Meeting
Business arising from Minutes
11:00 a.m.
Nominations for Director-at-
Large
Directors' Report
11:45 - 1:15 p.m. — LUNCH
Directors' Report
2:00 p.m.
Election
Audit Report
Appointment of Auditor
Resolutions
Unfinished business
New business
Future Plans — Budget,
Programs
Mutual Aid Board Report
5:00 p.m.
Adjournment

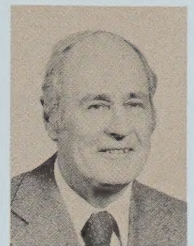
BOARD OF DIRECTORS



HAROLD BRAATEN
President



CHRIS HANSEN
Vice-President



ROBERT COWAN
1st Vice President



LEO HAYES
Executive Member



PHIL SAMPSON
Executive Member



**ARNE
TOMLINSON**



ED CHADDERTON



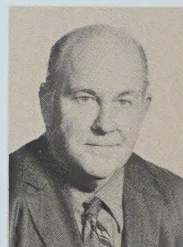
KEITH SPROULE



**GEORGE
DICEMAN**



JOHN VINEK



FRANK HALL



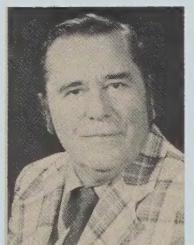
R. SCHMEICHEL



A. V. KIPLING



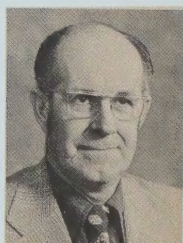
R. M. GAME



H. C. GEMMEL



SAM VANIN



PAUL RIVIERE



**JAMES
VAN EATON**



EXECUTIVE COMMITTEE OF THE BOARD

Harold Braaten

C. P. Hansen

Robert Cowan

P. D. Sampson

L. Hayes

CREDIT COMMITTEE

L. R. Tendler

Norman Bridger

Graham Ashdown

John Barr

Norman Bromberger

Ashley Pow

LEGISLATIVE COMMITTEE

Phil Keller, Chairman

John Vinek

Al Macza

AUDIT COMMITTEE

Harold Braaten, Chairman

Arne Tomlinson

Norman Bromberger

Bob Arcott

BOARD DEVELOPMENT COMMITTEE

Arne Tomlinson, Chairman

A. V. Kipling

R. M. Game

THE MANAGEMENT TEAM



**NORMAN
BROMBERGER**
General Manager



ASHLEY POW
Treasurer



ELDON ANDERSON
Exec. Asst. and
Corporate
Secretary



JOHN BARR
Exec. Asst. Special
Projects &
Research



DALE HILLMER
Manager,
Programming
and Development



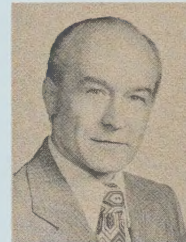
DAVID ANDERSON
Director
Marketing Services



FRED CLARK
Director
Public and
Member Relations



CLIFF KARST
Director
Manpower Services



JACK KLOCZKO
Manager, Data
Processing
Services



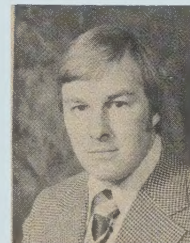
**DOUG
CAMPBELL**
Loans Manager



GREG JOHNSTON
Mgr. Sask. Co-op
Financial Services



JACK WEPPLER
Internal Auditor



WAYNE NYGREN
Director, Loss
Prevention



DICK MILLER
Manager
Collections



WAYNE TAYLOR
Chief Accountant

DISTRICT PROGRAM MANAGERS



PAUL DOSCH
Manager, District
Programming



**NORBERT
LEPAGE**



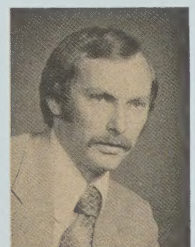
**ED
CUNNINGHAM**



GARY MAMER



PETER WOUTERS



GEORGE SKATRUD

FIVE-YEAR COMPARISON

(In Thousands of Dollars)

	1975	1974	1973	1972	1971
Gross Income	\$ 36,828	\$ 28,146	\$ 15,828	\$ 9,933	\$ 6,785
Net Income	5,728	4,082	2,121	1,922	1,569
Savings	2,842	2,918	1,338	1,206	1,090
Gross Assets	388,366	304,732	242,956	176,372	113,954
Member's Equity	33,233	29,561	17,562	14,202	13,108





INTRODUCTION

The year 1975 was another good year for credit unions and most co-operatives in Saskatchewan. Growth continued at a fairly substantial rate. A continuing problem in the past year was inflation, the high cost of energy and recession in most of the industrial nations of the world. The effect on Saskatchewan was limited because of the strong position of the grain sector in our still predominantly agricultural economy.

The operations of your Credit Union Central and the credit unions in this province in the past year clearly indicate growing interdependence of individuals, organizations, communities and regions, not only within Canada but around the world. The heavy worldwide demand for wheat kept prices for that grain at fairly high levels. At the same time, the deferred grain payment system has created cash flow problems within our own province. Because of our substantial size, we can no longer afford, in the credit union system, to go it alone on a provincial basis. Credit Union Central and credit unions in this province need to be more involved with other provincial systems as they do with us in order to make us all stronger.

There is periodic concern, which is justified from an historical point of view, about excessive dependence of our province on other parts of the country. Should we be expending the energy we have in this province on developing a national liquidity system and a strong Canadian Co-operative Credit Society? These national developments, because of our relative size, will become more and more significant as time passes. Without national and eventually international relationships with more organizations, in the future we will find ourselves more and more subject to problems created by economic fluctuation. This results from our heavy present dependence on regional development.

Our major concern must be to strengthen our own provincial system through closer affiliation with a national system, while at

the same time assuring ourselves of sufficient flexibility and scope to continue provincial development, involvement and control. There will always be a delicate balance between too close an association with similar organizations and too much isolation from them. In order to maintain this delicate

balance, we have attempted in every case to keep you informed of all provincial, national and international developments. We will continue to do so and ask your assistance in helping to set the policy direction that will maintain this balance.



OBJECTIVE NO. 1

Maintain and develop an organizational structure that attracts, develops and effectively utilizes human resources.

MEMBER CONTROL STRUCTURE

Most districts now have an organized program of meetings, allowing for meaningful, ongoing discussions between directors and delegates, and between delegates and their elector organizations. All districts have established a program for 1976. The additional activity results from initiative taken by some directors, and greater involvement of the district program managers.

During the year a new system was adopted to ensure that suggestions and resolutions coming from sub-district meetings are adequately dealt with and reported on. An experiment with cassette tapes to provide information on board decisions more fully and quickly is underway. Early in the new year a decision will be made as to whether or not it would help communication to extend it to all delegates.

Greater emphasis will be placed on encouraging delegates and Central Board members to participate in courses and seminars, following the Board's adoption of a recommendation of the Board Development Committee. In the past, few delegates have availed themselves of the opportunity of taking courses. A resolution passed at the 1975 annual meeting allowing delegates to claim per diem during courses will serve as an additional incentive.

In total, the member control structure appears to be working reasonably well. However, there are some problems including the difficulty of getting suitable individuals to serve as delegates in some sub-districts. The increasing amount of complex information to be conveyed and difficult decisions to be made coupled with time pressures on these volunteers is also a problem.

DELEGATES

A total of seven new delegates were



District 7 annual meeting. Left to Right: Frank Hall, Director; Norman Bromberger, G.M.; Eldon Anderson, Secretary.

elected in fall elections, which is fewer than in previous years. The trend appears to be a reduced turnover in delegates, and more management people assuming the job. At the moment 36 per cent of our delegate body is made up of credit union or co-operative managers, up from the figure of recent years.

There was good participation at a one-day orientation session for new delegates, and at a two-day seminar for all delegates. Because of steps to implement a new role and sequence of meetings in the control structure in early 1976, a decision was made not to hold a delegate seminar in 1976. However, whether or not this particular training vehicle will be carried on will be discussed again.

DISTRICT AND REGIONAL MEETINGS

There was reasonably good attendance and participation at district and regional meetings held in 1975. This was the last time district meetings were organized by Central, since under the new arrangement adopted at the 1975 annual meeting that responsibility falls on the local director and his delegates.

BOARD-MANAGEMENT SEMINAR

A two-day Board-Management Seminar was held at Lumsden in late fall. The organization's aim, objectives and long term targets were studied and adjusted. Such periodic reviews of the organization's long term plan, and study of other pertinent

matters in a relaxed atmosphere is an important part of personal and corporate development.

Some twenty directors and senior management and their families attended a two-day family seminar at Prairie Christian Training Centre at Fort Qu'Appelle. Professional resource dealt with matters of concern to the families relative to the organization, and additional time was given to socializing and recreation.

GOVERNMENT RELATIONS

For the second time meetings were held with the caucus of the three political parties in Saskatchewan. Discussions this time were more issue oriented than when the first meetings were held in 1975, and both the legislators and Central's Executive and Management expressed satisfaction with the dialogue.

Efforts are still being made to meet with Saskatchewan M.P.s probably in concert with other provincial centrals at Ottawa early in the new year.

Another government relations program started this year was a series of meetings with the Deputy and other senior officials of Saskatchewan government departments with which Central works closely. Meetings have been held with the Departments of Finance, Consumer Affairs and Co-operation and Co-operative Development. These appear to be a useful exercise too, complementing discussions with the elected representatives which includes ministers of the various departments.

BOARD DEVELOPMENT COMMITTEE

On a recommendation of the Board Development Committee, the Research and Forward Planning, and Poverty Committees were discontinued. The job of the Research and Forward Planning Committee will be carried on by the Executive which will meet more frequently than in the past. Attempts to help corporate members relate more effectively to the underprivileged will continue through a periodic conference or similar activity, if sufficient interest is shown.

MANPOWER DEVELOPMENT

We continue to experience shortages of people for management positions. Research indicates that credit unions are not hiring and developing people at the junior level for future management positions.

The chief executive officer compensation and appraisal system continues to be well received with 130 credit unions using it and Central staff assisting in 110 appraisals. The employees compensation system is being utilized in approximately 125 credit unions.

A training model was developed and presented on a regional workshop basis to 114 people representing 83 credit unions.

As a result a new improved approach to training of credit union people will be developed in 1976 through the use of video tape.

Two people were hired on the trainee program during the year.

The Canadian Credit Union Institute Program has 20 enrollees which is somewhat below expectation.

Unionization of credit unions is starting and staff is being made available to assist credit unions in this area.

Central provided one staff member for a seven-week period through C.I.D.A. to as-

sist in an evaluation of a co-operative project in Africa.

To better cope with increased growth and complexity in the organization, and the total system, the position of Assistant Treasurer was created and filled in early 1975.

OBJECTIVE NO. 2

Attract and retain sufficient capital to provide for organizational needs.

CAPITAL PROCUREMENT

Vast sums of money, accruing principally

from agricultural sources, flowed into the provincial system in early 1975. Unfortunately, rapid de-escalation in short term market rates resulted in a substantial portion of it being channeled to other than Central. This factor, combined with extremely heavy cash drawdown, dictated that a number of credit unions, as well as Central, found it necessary to restrict loans to members in the last quarter of the year.

Nonetheless, member investment in Central shares, deposits, and debentures increased by \$91,000,000 or 34% during 1975.

Treasurer Ashley Pow speaks at District 4 annual meeting. On his right, Eldon Anderson, Secretary; on his left, George Diceman, Dist. 4 Director.





Mr. G. Gingras, President of Canada Deposit Insurance Corporation attends Central Board meeting. Here he chats with President Harold Braten (left) and G.M. Norman Bromberger (right).

Late in the year, an interest bonus of one percent was paid to holders of Series A Debentures. In 1976, the objective will be to offer on a continuing basis more competitive rates on these instruments, to ensure that the vast majority, if not all, system funds remain in the system for use by our member credit unions and co-operatives.

During 1975 our mortgage subsidiary began offering term deposit investments to member credit unions. By year-end, some \$6,100,000 had been obtained from this source, representing approximately 60% of the subsidiary's outstanding loans.

Currently under study are other methods of funding the loan portfolio which ideally would offer two advantages. These are the procurement of funds from non credit union sources, thereby increasing system liquidity, as well as providing better return to credit unions in highly liquid position, who wish to invest in the subsidiary.

OBJECTIVE NO. 3

Satisfy provincial and participate in meeting regional and national capital requirements of credit unions and co-operatives.

CAPITAL UTILIZATION

Following receipt of heavy cash inflows during January and February of 1975, member investment totalled \$468,000,000, with \$103,000,000 of it advanced to members by way of loans.

By year-end, member investment had decreased by \$110,000,000 to \$358,000,000, and member loans had risen by \$83,000,000 to \$186,000,000. This combined utilization of funds totalled \$193,000,000.

During the year, assets of the organization averaged \$410,000,000. Loan levels, as expected, peaked in December at \$193 million. Average loans through 1975 were \$137,000,000, or 34% of average assets, compared to the year-end 50%.

SASKATCHEWAN CO-OPERATIVE FINANCIAL SERVICES

Saskatchewan Co-operative Financial Services made steady progress during 1975, particularly in terms of assisting credit unions meet their members' residential mortgage requirements, even though lending activity was necessarily restricted late in the year. At year-end, 510 residential mortgage loans approximating \$12,000,000 had been approved for members of some 31 credit unions, with \$10,400,000 advanced. Six business loans totalling \$243,000 were outstanding at the end of the fiscal period. Demand in this area has been minimal, with most credit unions being in position, during 1975, to service this aspect of member requirements.

Plans for 1976 include participation in co-operative housing development and farm mortgage lending programs.

NATIONAL FINANCIAL FACILITY

Possibilities appear stronger than ever before that the Canadian Co-operative Credit Society will finally emerge as the central financial organization in a national financial system including credit unions, their provincial centrals, and other co-operatives.

Results of the liquidity study, and the financial facility study both point strongly to the need for greater co-ordination and utilization of our financial resources, and our ability to secure additional resources in the marketplace.

BANK ACT BRIEF

Credit Union Central worked closely with other Centrals across Canada and the National Association of Canadian Credit Unions in preparation of a comprehensive brief on Bank Act revisions expected in 1977. The brief was presented to the Federal Minister of Finance late in 1975. The brief asks for direct access to and full participation in the nation's clearing system. It rejects the introduction of direct legislative controls by the Federal Government over the operations of credit unions. Specifically, the brief makes five recommendations:

1. Local credit unions and their provincial centrals and Canadian Co-operative Credit Society should be regarded as one financial system for the purpose of determining their right of entry to the Canadian clearing system.
2. The credit union system should be permitted direct exchange of payment items with other users of the clearing system.
3. The credit union system should participate in the management and control of the clearing system and should be represented on the regulatory body that administers the system.
4. The credit union system should pay its proportionate and equitable share of the clearing system operating costs.
5. Final cash settlement for all credit union items should be made between Canadian Co-operative Credit Society and the Bank of Canada in Ottawa.

NORTHLAND BANK

Northland Bank, in a very short period of time, has gone through hearings in the

(Continued on page 27)

FINANCIAL STATEMENTS

BALANCE SHEET

At December 31, 1975, 1974

EXHIBIT "A"

ASSETS

	1975	1974
Cash and Securities:		
Cash on hand and in bank.....	\$ 1,763,701	\$ 1,521,252
Securities — Schedule "1" — Note "1"	187,174,735	150,647,972
Accrued interest	3,460,299	3,924,747
Investments in Wholly-owned subsidiary — Note "2"	500,000	500,000
Total Cash and Securities	192,898,735	156,593,971
Loans—Members plus accrued interest	186,885,649	143,352,128
—subsidiary — Note "2"	6,784,524	3,748,461
Deposits with Members.....	1,141,096	655,598
Development Fund Receivables	67,169	84,374
Data Processing Development Costs — Note "3"	150,282	0
Accounts Receivable.....	129,932	52,888
Inventories	136,523	93,631
Furniture and equipment, Unitized buildings, Leasehold improvements — cost — less accumulated depreciation of \$363,146	 172,146	 150,612
	\$388,366,056	\$304,731,663

SEE ACCOMPANYING NOTES

*The Members,
Saskatchewan Co-operative Credit Society Limited,
Regina, Saskatchewan*

We have examined the Balance Sheet of the Saskatchewan Co-operative Credit Society Limited at 31 December 1975, and the related Statements of Operations, Retained Earnings and Schedules for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Society at 31 December 1975, and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*2 February 1976
Regina, Saskatchewan*

*Arcott, Ogrady, Hill & Co.
Chartered Accountants*

BALANCE SHEET

At December 31, 1975, 1974

Exhibit "A"

LIABILITIES

	1975	1974
Members' deposits — Demand.....	\$ 6,449,137	\$ 9,586,052
— Term	191,615,786	109,364,425
— Student Loans	1,141,096	655,598
— Serial Certificates	172,402	500,043
Debentures — secured — Note "4"	134,021,000	126,550,000
Interest payable on — deposits	5,761,683	4,251,244
— debentures.....	7,734,115	6,284,912
Loans payable — secured — Note "5"	7,300,000	17,700,000
Accounts payable	343,849	176,310
Income tax payable	103,000	0
Deferred income tax — Note "6"	400,000	0
Total Liabilities.....	355,042,068	275,068,584
Funds under administration:		
Development Fund.....	89,150	91,150
Managers' Trainee Fund.....	1,418	10,809

MEMBERS' EQUITY

Share Capital:		
Authorized — 3,000,000 shares with a par value of \$10 each \$30,000,000		
Issued — Members	26,059,050	23,401,960
— Sask. Co-op Financial Services Ltd.—Note "3"	10	10
Reserves — Guarantee Fund — Note "7"	3,399,253	3,399,253
Retained Savings — Exhibit "B"	4,058,938	3,255,161
Less: Diminution in value of investments — Note "1"	(283,831)	(495,264)
Net Reserves after diminution.....	7,174,360	6,159,150
Total Members' Equity	33,233,420	29,561,120
SEE ACCOMPANYING NOTES	\$388,366,056	\$304,731,663

Approved on Behalf of the Board:



Director



Director

STATEMENT OF RETAINED SAVINGS
For the Years Ended December 31, 1975, 1974

Exhibit "B"

	1975	1974
Balance, beginning of year	\$3,255,161	\$1,764,381
Add:		
Recovery of loan previously written off.....	0	1,243
Net Savings for the year — Exhibit "C"	2,842,904	2,918,317
	6,098,065	4,683,941
Less:		
Dividend paid on Share Capital	2,039,127	1,428,780
	\$4,058,938	\$3,255,161
Balance — 31 December — to Exhibit "A"		

SCHEDULE OF INVESTMENTS
At December 31, 1975

SCHEDULE "1"

	Par Value	Market Value	Maximum Statutory Value	Accrued Interest
Government Bonds:				
Dominion of Canada	\$12,105,000	\$11,884,650	\$12,097,831	\$ 346,946
Alberta	16,795,000	16,374,800	16,983,679	443,589
British Columbia	675,000	608,250	670,182	8,933
Manitoba	8,950,000	7,557,500	8,981,907	126,590
New Brunswick	300,000	291,000	299,280	2,344
Newfoundland	6,016,800	5,894,300	6,014,925	32,076
Ontario	24,830,000	23,565,800	24,802,260	759,000
Quebec	3,025,000	2,716,250	3,001,973	62,251
Saskatchewan	8,285,000	7,118,930	8,306,186	142,560
Municipal	1,456,502	1,404,198	1,404,198	17,340
	82,438,302	77,415,678	82,562,421	1,941,629
Co-operatives and Others:				
Co-operative	6,489,156	6,217,956	6,217,956	143,925
N.H.A. Mortgages	12,880,486	12,880,486	12,880,486	148,997
Corporate Debentures...	1,535,800	1,399,050	1,399,050	42,400
Short Term	84,114,822	84,114,822	84,114,822	1,183,348
	\$187,458,566	\$182,027,992	\$187,174,735	\$ 3,460,299

TREASURY
Statement of Operations
For the Years Ended December 31, 1975, 1974

Exhibit "C"

	1975	1974
Revenue:		
Interest — loans — members	\$11,278,639	\$ 8,226,302
— subsidiary — Note "2"	425,747	77,185
— investment — regular	21,551,654	19,285,064
— subsidiary — Note "2"	25,000	22,500
Gain on investment transactions — Note "9"	143,633	0
Clearing fees, service charges, commissions	736,999	490,776
Data Processing Department	1,128,766	301,214
Management fee — subsidiary — Note "2"	40,000	18,000
Other	74,309	26,000
	35,404,747	28,447,354
Deduct:		
Interest — members — deposits	15,711,120	12,442,325
— debentures	12,821,562	10,198,719
— serial certificates	21,578	24,758
Interest on borrowed money	851,047	904,273
Clearing fees, service charges	270,947	169,644
Loss on Investment Transactions — Note "9"	0	324,622
	29,676,254	24,064,341
Net Revenue	5,728,493	4,383,013
Expenses:		
Salaries, benefits	599,509	448,961
Travel	20,888	15,292
Occupancy	74,623	86,884
Office	348,779	301,816
Grants, dues	24,100	17,312
Data Processing Department — Exhibit "C-1"	1,122,756	397,411
Data Processing — Development costs	127,303	130,990
Appropriation to Services — Exhibit "D"	64,631	66,030
	2,382,589	1,464,696
Total Expenses	2,382,589	1,464,696
Net Savings before tax	3,345,904	2,918,317
Income tax — current	103,000	0
— deferred — Note "6"	400,000	0
	\$2,842,904	\$2,918,317
Net Savings — to Exhibit "B"	\$2,842,904	\$2,918,317

SCHEDULE OF EXPENSES
For The Years Ended December 31, 1975, 1974

EXHIBIT "C-1"

DATA PROCESSING DEPARTMENT

	1975	1974
Salaries, benefits.....	\$ 235,366	\$ 129,260
Travel.....	11,936	7,014
Occupancy.....	10,765	10,436
Office	116,854	11,581
Computer Processing.....	741,812	224,413
Other.....	6,023	14,707
Total Expenses to — Exhibit "C".....	\$1,122,756	\$ 397,411

SERVICES DIVISION
Statement of Operations
For The Years Ended December 31, 1975, 1974

EXHIBIT "D"

	1975	1974
Revenue:		
Annual dues	\$ 491,813	\$ 411,507
Mutual Aid Board — Fee for service	247,562	211,711
Programming and Development — Exhibit "D-1"	642,735	442,559
Secretarial — Credit Union Way.....	20,271	16,947
Special Projects and Research.....	9,930	0
Other.....	10,786	7,711
Total Revenue.....	1,423,097	1,090,435
Expenses:		
General.....	83,499	74,766
Secretarial	470,467	398,311
Special Projects and Research.....	51,170	33,576
Programming and Development	882,592	649,812
	1,487,728	1,156,465
Operating Deficit for the year.....	(64,631)	(66,030)
Appropriation from Treasury — Exhibit "C".....	\$ 64,631	\$ 66,030

PROGRAMMING AND DEVELOPMENT
Schedule of Revenue
For The Years Ended December 31, 1975, 1974

EXHIBIT "D-1"

	1975	1974
District Program Manager	\$ 15,007	\$ 10,351
Manpower.....	23,387	22,677
Collection Service.....	113,795	100,570
Management Contract.....	274,194	190,219
Loss Prevention.....	0	2,665
Marketing.....	44,830	14,045
Printing — (Net of Cost of Sales, \$61,495).....	33,073	17,670
Supply — (Net of Cost of Sales, \$684,198).....	128,919	84,362
Mailing.....	9,530	0
	\$642,735	\$442,559

SERVICES

SCHEDULE OF EXPENSES

For The Years Ended December 31, 1975, 1974

EXHIBIT "D-2"

GENERAL

	1975	1974
Grants, dues.....	\$58,355	\$59,700
Professional fees.....	9,777	1,500
Accounting, receptionist.....	12,000	10,000
Bonding, insurance	3,367	3,428
Miscellaneous.....	0	138
	<u>\$83,499</u>	<u>\$74,766</u>

SECRETARIAL

Salaries, benefits.....	\$ 97,240	\$ 82,443
Travel	9,714	6,248
Occupancy	9,288	8,427
Office	11,679	13,407
Directors, delegates, committees.....	134,331	90,465
Annual meeting	10,525	8,863
Publications	42,345	44,073
Corporate advertising, relations.....	8,733	13,139
Central Advertising Program.....	142,061	119,761
Other	4,551	11,485
	<u>\$470,467</u>	<u>\$398,311</u>

RESEARCH AND SPECIAL PROJECTS

Salaries, benefits.....	\$40,609	\$25,055
Travel	3,413	2,227
Occupancy	1,385	1,485
Office	3,395	2,491
Other	2,368	2,318
	<u>\$51,170</u>	<u>\$33,576</u>

PROGRAMMING AND DEVELOPMENT

	1975	1974
Administration:		
Salaries, benefits.....	\$51,645	\$ 0
Travel	4,902	0
Occupancy	1,906	0
Office	999	0
Other	455	0
	<u>\$59,907</u>	<u>\$ 0</u>

District Program Managers:

Salaries, benefits.....	\$115,738	\$126,808
Travel	25,283	27,474
Occupancy	11,531	15,941
Office	11,517	3,458
V.T.R. Task Force.....	0	22,089
Other	1,190	1,007
	<u>\$165,259</u>	<u>\$196,777</u>

Manpower Development:

Salaries, benefits.....	\$30,194	\$26,813
Travel	2,707	3,004
Occupancy	1,100	2,681
Office	7,115	6,125
Credit Union officers, staff training	21,365	16,216
Other	7,961	4,271
	<u>\$70,442</u>	<u>\$59,110</u>

Collection Service:

Salaries, benefits.....	\$63,624	\$59,614
Travel	5,278	4,884
Occupancy	9,498	8,692
Office	11,212	10,142
Other	3,653	2,538
	<u>\$93,265</u>	<u>\$85,870</u>

Management Contracts:

Salaries, benefits.....	\$239,178	\$162,669
Travel	6,167	3,144
Other	179	1,793
	<u>\$245,524</u>	<u>\$167,606</u>

Loss Prevention:

Salaries, benefits.....	\$22,984	\$17,035
Travel	1,864	1,426
Occupancy	887	1,086
Office	1,998	1,358
Other	813	446
	<u>\$28,546</u>	<u>\$21,351</u>

Marketing:

Salaries, benefits.....	\$19,131	\$15,133
Travel	2,220	1,807
Occupancy	955	1,012
Office	2,353	1,791
Program Development	20,184	17,853
Other	21,880	50
	<u>\$66,723</u>	<u>\$37,646</u>

Printing:

Salaries, benefits.....	\$37,301	\$19,633
Occupancy	10,287	5,451
Office	4,303	1,458
Other	642	240
	<u>\$52,533</u>	<u>\$26,782</u>

Supply:

Salaries, benefits.....	\$59,886	\$39,308
Occupancy	11,691	7,528
Office	10,281	7,308
Other	2,512	526
	<u>\$84,370</u>	<u>\$54,670</u>

Mailing:

Salaries, benefits.....	\$9,443	\$ 0
Occupancy	2,728	0
Office	3,622	0
Other	230	0
	<u>\$16,023</u>	<u>\$ 0</u>

Total Programming and

Development Expenses	\$882,592	\$649,812
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NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended December 31, 1975

1. The Co-operative Credit Associations Act requires that Federal and Provincial debentures be valued at "amortized value" for financial statement purposes.

Diminution in value is as follows:

	1975		1974	
	Federal & Provincial	Other	Total	Total
Par value.....	\$80,981,800	\$106,476,766	\$187,458,566	\$151,143,236
Market value	0	106,016,512	106,016,512	80,124,994
Maximum Statutory Value.....	81,158,223	0	81,158,223	70,522,978
	<u>\$ (176,423)</u>	<u>\$ 460,254</u>	<u>\$ 283,831</u>	<u>\$ 495,264</u>

The market value of investments at 31 December 1975 is \$182,027,992.

2. Saskatchewan Co-operative Financial Services Limited is a wholly-owned subsidiary of the Society. The accounts of this subsidiary are not consolidated with those of the Society in these Financial Statements, but all intercompany accounts are separately disclosed.
3. Data processing development costs of \$150,282 are accumulated expenditures for developing the 3600 Computer System less amortization of one eighth of these costs. Further development costs will be incurred and are to be amortized over the remainder of the eight year period 1975 to 1983, throughout which these costs are expected to be recovered.
4. Debentures having maturities of two through seven years and issued to Credit Unions are secured by a floating charge on assets of the Society which rank pari passu with the obligation of the Society on deposits, and rank subsequent to specific charges created to secure borrowed money.
5. Loans payable are secured by investments.
6. Deferred income tax of \$400,000 is equal to 50% of that portion of the current years income per financial statements which may be taxed in some future year. This income has not been subject to tax in the current year because of deduction of allowable investment and debt reserves and the write-off for tax purposes of data processing development costs.
7. Amendments to the Co-operative Credit Associations Act passed in 1973 permit allocation to Guarantee Fund at the discretion of the Board of Directors. Decision was taken to make no allocation for 1975.
8. The Society is contingently liable to the Bank of Nova Scotia in the amount of \$596,000 at December 31, 1975 regarding a letter of credit by the bank on behalf of a Society member. The Society in turn has a contingent receivable from another of its members in connection with the same letter of credit. This is compared to \$2,500,000 at December 31, 1974.
9. Gain on investment transactions are a result of the Society's procedure of carrying investments in the books at par. The differences between cost and par value on purchases and the differences between par value and proceeds from sale are netted to give \$143,633 gain in 1975. This same procedure resulted in a net loss of \$324,622 in 1974.

FINANCIAL STATEMENTS

SASKATCHEWAN CO-OPERATIVE FINANCIAL SERVICES LIMITED

*The Members,
Saskatchewan Co-operative Credit Society Limited,
Regina, Saskatchewan*

We have examined the Balance Sheet of Saskatchewan Co-operative Financial Services Limited at 31 December 1975, and the related Statements of Operations and Retained Earnings for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company at 31 December 1975, and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*3 February 1976
Regina, Saskatchewan*

*Arscott, Ogrady, Hill & Co.
Chartered Accountants*

SASKATCHEWAN CO-OPERATIVE FINANCIAL SERVICES LIMITED

Wholly Owned Subsidiary of Saskatchewan

Co-operative Credit Society Limited

Regina, Sask.

BALANCE SHEET

At December 31, 1975, 1974

EXHIBIT "A"**ASSETS**

	1975	1974
Loans receivable plus accrued interest	\$10,550,530	\$3,639,447
Accounts receivable	125	0
Investments — Land	433,109	433,109
— Building — Notes 1, 2	3,973,496	225,430
— Other	41	40
Prepaid expenses	0	641
Incorporation costs (less accumulated amortization \$1,500)	1,000	1,500
	<u>\$14,958,301</u>	<u>\$4,300,167</u>

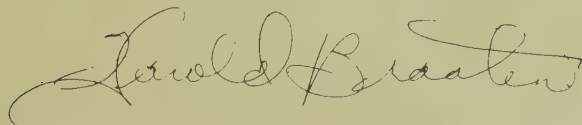
LIABILITIES

Term deposits plus accrued interest	\$ 6,217,328	\$ 0
Accounts payable — Note "2"	1,401,291	25
Corporation tax payable — estimated	6,509	3,472
Loans payable — Parent — including accrued interest	3,818,073	3,794,940
— Parent — Building	3,006,813	0
	<u>14,450,014</u>	<u>3,798,437</u>

SHAREHOLDERS' EQUITY

Capital authorized — 5,000 common shares at \$100 each		
— unlimited preferred shares at \$100 each.		
Issued and fully paid — 5,000 common shares	500,000	500,000
Retained Earnings — Exhibit "C"	8,287	1,730
	<u>\$14,958,301</u>	<u>\$4,300,167</u>

APPROVED ON BEHALF OF THE BOARD:



Director



Director

STATEMENT OF OPERATIONS
For The Years Ended December 31, 1975, 1974

	1975	EXHIBIT "B" 1974
Revenue:		
Interest from loans	\$667,367	\$138,625
Rent	1,440	5,810
Miscellaneous	235	201
	<u>669,042</u>	<u>144,636</u>
Expenses:		
Interest on borrowed money — Parent	425,747	77,185
Interest on term deposits	124,327	0
Management fees — parent	40,000	18,000
Professional fees	6,560	1,432
Licences, taxes	18,534	14,220
Advertising	575	0
Supplies	1,917	815
Credit reports	748	560
Referral fees	4,120	0
Computer processing	804	0
Miscellaneous	1,355	598
Bonding, insurance	239	0
Amortization of incorporation costs	500	500
Total Expenses	<u>625,426</u>	<u>113,310</u>
Net Earnings before corporation tax	43,616	31,326
Corporation tax — estimated	12,237	8,772
Net Earnings — to Exhibit "C"	<u>\$ 31,379</u>	<u>\$ 22,554</u>

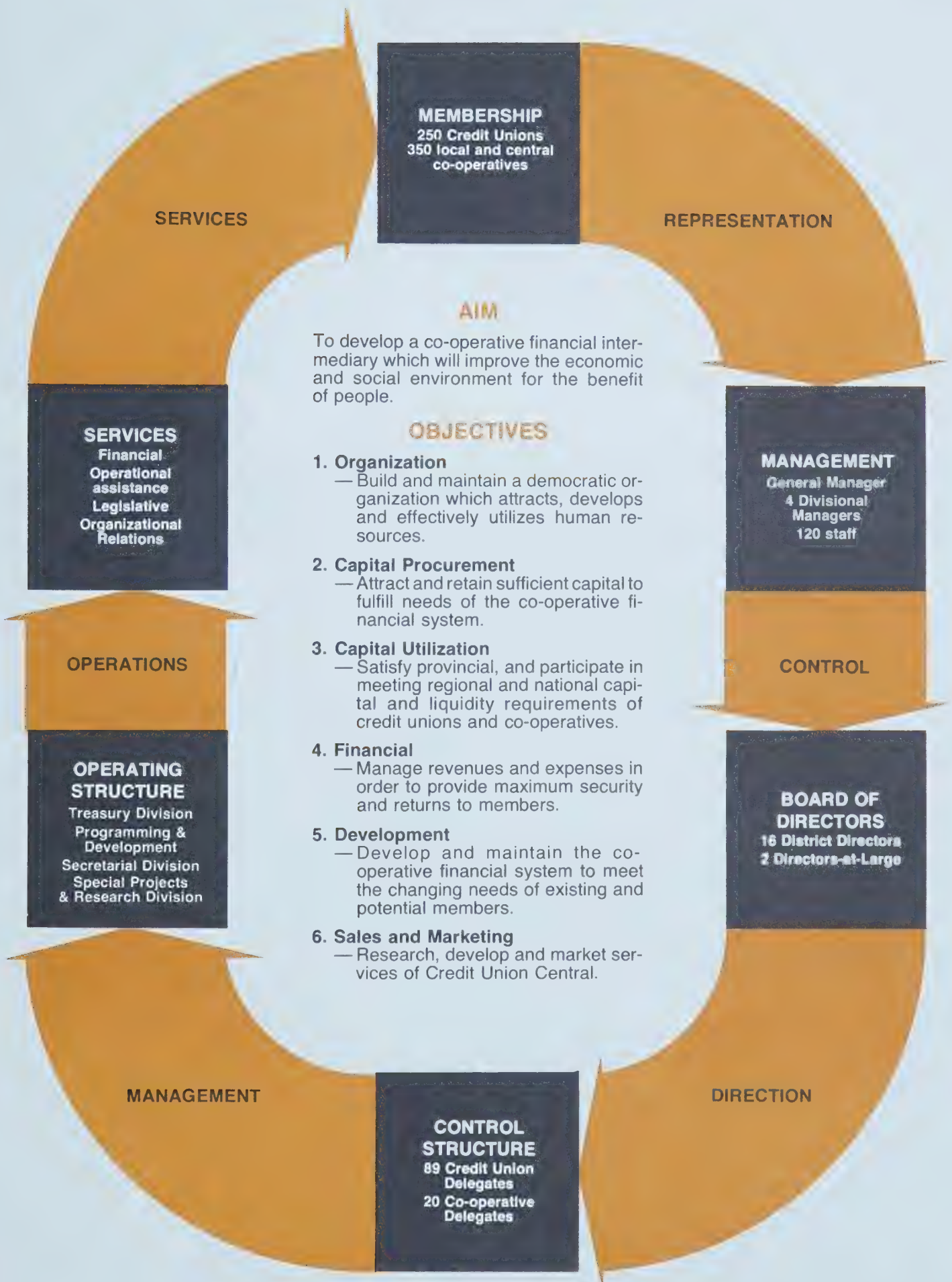
STATEMENT OF RETAINED EARNINGS
For The Years Ended December 31, 1975, 1974

	1975	EXHIBIT "C" 1974
Balance — 1 January	\$ 1,730	\$ 1,676
Net Earnings — Exhibit "B"	31,379	22,554
Dividend	(25,000)	(22,500)
Prior Years Adjustment	178	0
Balance — 31 December	<u>\$ 8,287</u>	<u>\$ 1,730</u>

Note "1" The building is under construction; therefore, depreciation has not been taken for the current year.

"2" Saskatchewan Co-operative Financial Services Limited is committed to capital expenditures as follows regarding the completion of construction of the building in 1976 in addition to accounts payable reflected in these financial statements.

Construction Contract total	\$4,597,000
Less completed to December 31, 1975	<u>3,461,000</u>
	1,136,000
Architect fees to complete	48,000
1976 Commitment	<u>\$1,184,000</u>





District 8 delegates have discussion at Delegates' Seminar.



Delegate speaks at annual meeting.

(Continued from page 12)

House of Commons and in the Senate and in effect has its charter approved. This is somewhat sooner than anticipated so it is possible that the projected operation's date of June 1, 1976 may be pushed ahead to some time in May.

Northland Bank, as we have indicated before, will be a merchant type bank with four offices in Western Canada. The office locations are Calgary, Edmonton, Regina and Winnipeg. Its major emphasis will be on making business loans to smaller and medium sized businesses and obtaining funds from the money market rather than gathering them from individual depositors. One of its major purposes is to assist in the development of business in Western Canada, including co-operative business.

OBJECTIVE NO. 4

Manage revenue and expenses in order to maximize returns to members.

FINANCIAL

As could be expected, growth of the system and the organization resulted in record income for 1975. Of income totalling \$36,800,000, \$30,600,000 or 83% was returned directly to members through interest and dividends, and a further \$804,000 allocated to general reserve to cover future contingencies.

Organizational reserves now stand at \$7,900,000, which was slightly in excess of 2% of total assets at year-end. Total equity base, including share capital, stood at almost \$34,000,000, or 8.7% of total assets. Accordingly, the ratio of liabilities to equity base was approximately 10 to 1; about one-half of the 20 to 1 ratio permitted.

Saskatchewan Co-operative Financial Services also effected improved operating results during the year. A surplus of \$6,500 remained after expenses, a 5% share capital dividend, and payment of corporation

tax. This entity's growth will, in 1976, begin to reflect benefits from economies of scale, and earning prospects are expected to show continual improvement.

OBJECTIVE NO. 5

Maintain and develop the organization to meet the changing needs of existing and potential members.

DISTRICT PROGRAMMING

At present, 20 credit unions are on management contract, with assets exceeding \$51 million.

A comprehensive planning program for credit unions has been developed and tested. Implementation of the program will have a high priority in 1976.

Sherwood Credit Union's North Albert St. drive-in-branch, Canada's first major one. Left to Right: Credit Union President, Chris Hansen; Central Director, Leo Hayes; Credit Union Manager, Les Tendler.



District Program Managers continue to resource courses at Co-op College, district financial planning workshops and sub-district meetings. They are also responsible for management of all Central programs in their assigned districts as well as acting as agents for the Mutual Aid Board.

CUMA

We continue to work closely with the Credit Union Managers Association.

LOSS PREVENTION SERVICES

A business loans manual was developed and introduced by a series of eight two-day regional seminars and a one-week course at Co-op College. The manual, course and the seminars were well received with a total of 279 participants in attendance.

An agricultural program will be presented in early 1976 which will include an agriculture credit manual for credit union personnel, pamphlets and brochures for the farm member, a computerized farm accounting system (CanFarm) and agricultural credit courses at Co-op College and the University of Saskatchewan.

Central staff are involved in a Farm Credit Advisory Committee with representatives from the chartered banks, Farm Credit Corporation, I.D.B., SEDCO and Farm-Start. The Committee was established to seek ways of becoming more effective in farm credit analysis and farm lending.

An analysis was done on the portfolio structure of the 35 largest credit unions in the province. The report indicated some major shifts in certain assets and liabilities over the five-year period analyzed.

Central Collections, formerly Society Collection Service, has again been well received by credit unions and co-operatives. Collection rates continue to be well below average commercial rates. A computerized collection program is being developed jointly by Central Collections, Manitoba Collection Service and Alberta Collection Service.

Members share in 25th Anniversary celebration at Drake Credit Union.



DATA PROCESSING

Development of an on-line system for credit unions progressed rapidly during 1975. With few exceptions, the 46 credit unions originally visualized as participating in the system provided their commitment to the project. Implementation is scheduled to begin in June 1976 and extend through 1978. Major concerns in this development include high cost factors, combined with the ongoing question of necessity or otherwise of credit unions being part of such a system. In these respects, we have attempted to work closely with other provinces, to minimize cost, while providing critical information and other services for users of the system. In addition, alternatives to the 3600 system for certain credit unions are being examined.

One thing is certain. With development of the national electronic funds transfer system, which could be in place by 1980, we must be in position, by that time, to have access to that system. Our objective, therefore, is to guarantee that access, while providing economic feasibility for users.

RESEARCH

The Research Department completed a number of papers including "The Credit/Payment Card in relation to the Elec-

tronic Payment System" and "An Overview of Aggregate Credit Union Operations" in addition to providing valuable input to NACCU's brief on amendments to the Bank Act. The production of the Saskatchewan Quarterly Economic Review provided broad guidelines to assist credit unions with their financial planning.

LEGISLATION

The Legislative Committee in their six meetings held during 1975 concentrated on credit union loaning regulations, cost of credit disclosure legislation, the report of the Law Reform Commission and bankruptcy legislation relative to the operation of credit unions.

MONEY MANAGEMENT PROGRAM

This video tape program designed for high school use is being purchased and placed in schools by local credit unions. Some 105 kits were purchased in 1975. Preliminary evaluation from teachers has been positive.

OTHER PROGRAMS

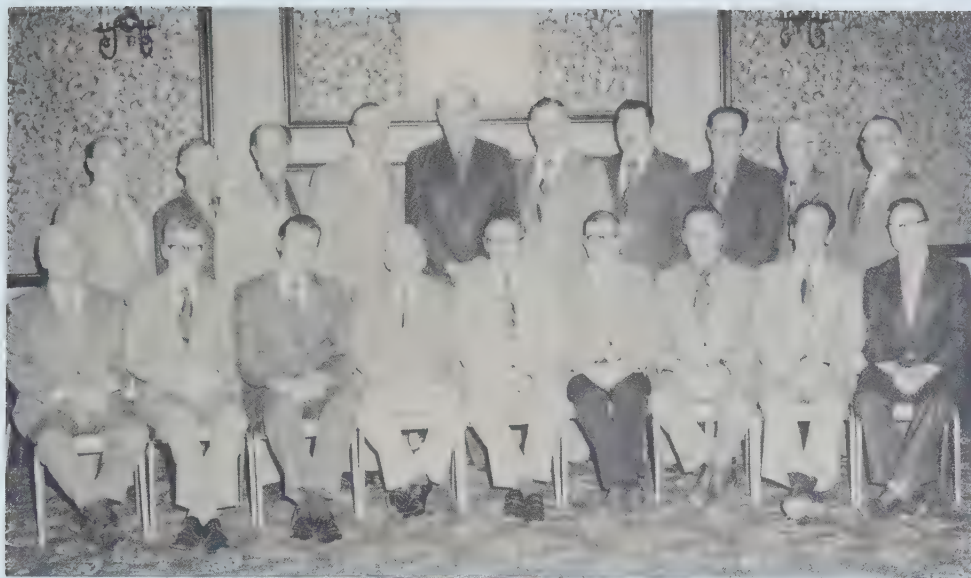
Studies are under way in the following areas: architectural plans for credit unions, member control structures for credit unions, linear programming and regional credit union centrals.

OBJECTIVE NO. 6

Research and promote services to develop the organization and its members.

PUBLICATIONS

Recognizing the importance of the printed word in Central's communications program, all publications were carefully scrutinized and in some cases upgraded. A total of 23 issues of the Credit Union Way were prepared and distributed. In-depth coverage was given to a number of important issues, in the form of news stories and articles. Early in the year, the editor participated in the World Council of Credit Unions' tour of Asia. On return he prepared a series



*Board of Directors and Executive Management.
Directors missing: Jerry Ash, P. D. Sampson, V. F. Keep, A. E. Chadderton.*

of articles about areas visited and international credit union development.

The Handbook and Directory were updated, and made more comprehensive. An annual report for Saskatchewan Co-operative Credit Society, the Mutual Aid Board and an Annual Meeting Handbook were also prepared and distributed.

A limited number of news releases were provided to the media.

CENTRAL ADVERTISING PROGRAM (C.A.P.)

With a budget of approximately \$150,000, the program appeared effective and well accepted. Attempts were made to keep the commercial material helpful rather than simply promotional.

Two one-half hour television programs on budgeting and credit were produced and aired across the province. A comprehensive budget book was also prepared and since has had wide distribution to credit unions and other agencies.

A national award presented by the Canadian Public Relations Society was won by the booklet entitled "THE LAND THAT SHARES".

There were 490 entries to the Creative Contest.

Central continued to work with NACCU in a number of areas. There was close co-ordination in a national attitude survey. In addition, a seventy-fifth anniversary stamp and other projects were mounted jointly to mark the start of credit unions in Canada in 1900.

The Credit Union Ski Cup program continues with increasing participation and good response.

IDENTIFICATION PROGRAM

A new trade name and logo passed by the annual meeting were designed, printed and introduced to the system and the public with good reaction.

SUPPLY AND PRINTING

Credit unions continue to make good use of the services provided by the Supply and Printing Department. Programs introducing expanded services are being well received.

The 1975 media material programs included complete material packages, posters, mail stuffers, and TV commercials.

Upwards of 40,000 newsletters are printed on behalf of an average of 40 credit unions in the standard newsletter program.

Some 120 credit unions had their annual reports prepared in the Printing Department, and 25,000 personal budget books were distributed to credit union members by credit unions.

A simple member attitude survey for credit union use was designed by the Marketing Course and used by a few credit unions in late fall. The questionnaire was not mass distributed to credit unions, as it has to be adjusted for each credit unions' needs.

Communication with neighboring provincial centrals is under way in attempts to share marketing programs.

MARKETING SERVICE

The parade float program was utilized by 22 credit unions.

A standard long service award program is being developed.

ELECTRONIC FUNDS TRANSFER SYSTEM

The National Association of Canadian Credit Unions has appointed the Priority Committee made up of George May, B.C. Central Credit Union, Ed Grad, Canadian Co-operative Credit Society, and Norm Bromberger, to, in effect, be the Steering Committee for participation in the Canadian Payment Systems Standards group. This is the committee arising out of the Government of Canada white paper entitled "Towards an Automated Payment System".

The Government of Canada recently appointed a chairman whose name is Roger

Charbonneau. Impressions he has created in early meetings are very favorable. The first meeting of the full Canada Payment Systems Standards group will be held in early 1976. The major purpose of this committee is to develop the standards for any deposit taking financial institution to connect with the eventual national electronic funds transfer system.

STAFF BENEFIT PROGRAMS

In an attempt to standardize employee benefits on a national basis, the five western credit union centrals and NACCU met to share provincial experiences and assess the benefits to be gained from national pooling.

CREDIT UNION OPERATIONS MANUAL

During 1975, 26 manual items and revisions were distributed. Additional staff resources have been allocated to this vital area for 1976.

OFFICE FACILITY

With continuing good weather, co-operation from the project management team and excellent co-ordination by the many sub-contractors, the construction schedule has been consistently on target for a projected completion date of April 1976.

All available rental space has been committed for early occupancy. Official opening ceremonies are scheduled for Saturday, June 12th.

1976 PROGRAM STRATEGIES—PROGRAMMING AND DEVELOPMENT

The main thrust will include the following priorities:

- Credit union comprehensive planning system
- 3-D Program
- M.A.B. Activities
- Audio-visual training network
- Financial modeling and simulation
- Local credit union marketing analysis
- Agricultural policy and loaning

NATIONAL AND INTERNATIONAL RELATIONS

Assistance was provided to credit union and co-operative extension in foreign lands in a number of ways during 1975.

A portion of Central's dues to national and international credit union organizations is used for development. In addition, several Saskatchewan credit unions made contributions direct. Every effort is made to utilize the Saskatchewan Government's matching arrangement, and to further increase the funds through the Canadian International Development Agency.

At present a Saskatchewan man, Walter D.

Brice is working for CUSO (Canadian University Students Overseas) in Papua, New Guinea, sponsored financially in part by Credit Union Central.

A number of visitors from various countries were hosted by Central, as they studied credit unions and co-operatives here. Considerable correspondence to various individuals and agencies around the world also resulted in them receiving books and other papers as assists to their efforts.

CCCU AND NACCU

We have reported to you in the past six months about the potential development of the Canadian Co-operative Credit Society. We are very optimistic about the support

from other provinces and hope that we will be in the position, through the Canadian Co-operative Credit Society, to implement an effective provincial and national liquidity system, as well as to gain greater access to the Canadian money market.

Every effort is being made to balance the regional and national needs of credit union and co-operative organizations across Canada. As developments occur, we will keep you informed as to the direction and ask for your assistance in forming policy.

Delegates to the national Association of Canadian Credit Unions are Braaten, Hansen, Sampson, Hayes and Hall, with Vinek and Tomlinson as alternates. Braaten and Hansen are also on the Board, with Hansen acting as Vice-President.

Left to Right: Wayne Taylor, Central Asst. Treasurer; Chang Kwak, Korea; D. T. Serstevens, Korea, studied credit unions and their centrals here.





Saskatchewan was deeply involved in assisting in the development of the national organizations. The Boards recognize the growing importance of a national system to the welfare of credit unions and co-operatives in Saskatchewan. During the year steps were taken to the opening of a contact office in Ottawa, in concert with the Co-operative Union of Canada. Good liaison was developed with the movement in Quebec, and a conference involving representatives of the Caisse Populaire and English speaking credit unions from across Canada proved both a very useful and an historic event. Dale Hillmer and Ole Turnbull are heading up a task force which is now doing research toward development of a long term plan. A good deal of time was spent in the development of a brief to the Federal Government relative to Bank Act revisions in 1977. This was prepared and presented late in the year. Study No. 1 of a National Liquidity project was also completed and distributed.

Electronic funds transfer development also resulted in considerable discussion, as did attempts toward a national or regional electronic data processing system for Canadian Credit Unions.

WORLD COUNCIL

A highlight of the year for the World Council was the spring Asian tour. It took a number of credit union people in addition to the Board of Directors which held its annual meeting, on a tour of Japan, Hong Kong, Taiwan and Korea. The tour gave individuals involved an opportunity to observe conditions in the Third World, and to look at credit union developments.

Another development worthy of note was the appointment of Paddy Bailey as Managing Director of the World Council.

The third thrift and credit conference was held in Montreal in 1975 and the next one is scheduled for Brazil in 1977. Once again WOCCU will co-sponsor the event. WOCCU's triennial meeting is scheduled for Denver in May 1976.

CONTRIBUTIONS TO COMMUNITY

By their nature, credit unions and co-operatives make a significant contribution to the economic life of their community and to the well-being of their members.

In addition, as organizations and through activities of officers and staff, they participate in many social, recreational and cultural achievements of their respective areas.

Your central organization similarly is involved in activities concerned with the quality of life in the Province and beyond.

In the international arena, the Society fully supports the extension work of the World Council of Credit Unions in assisting the development of financial and other co-operatives in many nations.

A major contribution in itself was the third term as World Council President served by Society President Harold Braaten.

District Program Manager Norbert Lepage spent a number of weeks in Africa providing consultation services on credit union development, and the Society played host to visitors from other countries. The Society again made a contribution to UNICEF.

In Saskatchewan, the Society maintained its support of co-operative youth programs, and a credit union youth workshop was held.

Sponsorship of Alpine Ski Races for the Credit Union Cup trophies was continued, and this event has become a prominent feature of the sports scene in the Province.

The Credit Union Creative Contest was conducted on the topic of "Women of the West" in recognition of the observance of Interna-

tional Women's Year, and there were about 500 entries in the various age classifications.

A substantial contribution to the success of the Western Canada Summer Games, held in Regina, consisted of the loan of equipment and personnel.

A donation was made to the Olympics and the Arts program, which will see participation by Saskatchewan artists and performers during the summer Olympics of 1976.

The Society is also assisting in making possible a tour of Maureen Forrester, one of the world's leading singers, to eight Saskatchewan centres in the spring of 1976.

Members of staff also are active in a number of organizations and programs of a community nature, as well as those concerned directly with credit unions and co-operatives.



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